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KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL OPERATIONS OF
TURKANA COUNTY EXECUTIVE**

FOR THE PERIOD

1 JULY 2013 TO 30 JUNE 2014

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REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL OPERATIONS OF TURKANA COUNTY EXECUTIVE FOR THE PERIOD 1 JULY 2013 TO 30 JUNE 2014

EXECUTIVE SUMMARY

1.0 Introduction

The Auditor-General has the mandate to audit and report on the accounts of the National and County Governments under Article 229 of the Constitution and the Public Audit Act, 2003. Further, the Constitution of Kenya and Section 107 of the Public Finance Management Act, 2012 require the County Treasury to enforce fiscal responsibility principles in the management of the County Government's public finances.

2.0 Audit Objectives

The objectives of the audit were to check for existence of internal controls that ensure proper accountability of Public resources, confirm whether procurement of goods, works and services was done in accordance with the Public Procurement and Disposal Act, 2005 and related regulations and that public funds have been utilized effectively and in accordance with the law.

3.0 Terms of Reference

The terms of reference set for the audit include verification and confirmation of transactions in respect to but not limited to the following areas:

- Budgetary controls and performance
- Annual operational / Activity plans
- Procurement of goods, works and services
- Allowances including travelling and accommodation expenses for local and foreign trips.
- Motor vehicle running expenses
- Consultancy services
- Imprests and advances
- Cash and bank balances

- Human Resource Records
- IT Environment
- Non-current assets
- Debtors
- Creditors

Key Audit Findings

4.0 Irregularities in Procurement

4.1 Tippers

Information available indicate that a motor dealer was issued with a local purchase order on 12 February 2014 for supply of two 20 tonne tippers, Foton HP 290 with a cost of Kshs.18,000,000. Subsequently, 50% down payment of Kshs.9,000,000 was made on 6 May 2014. However, the procurement documents such as tender advertisement, bids submitted by the bidders, contract for the supply of the tippers, tender Committee Minutes for award of the tender and the report of the Inspection and Acceptance Committee were not provided for audit verification. Further the ownership documents of the tippers were not availed for audit review and the name of the supplier was not contained in the list of prequalified suppliers.

In the circumstances, it has not been possible to establish the ownership status of the Tippers and that the County Executive obtained value for money on the same in the absence of the documents for the procurement process.

4.2 Tractors

A review of documents availed for audit verification indicated that a motor group company was paid an amount of Kshs.26,764,800 on 23 June 2014 for supply of four (4) modern tractors (New Holland model TT 75), three (3) row chisel plough, two (2) ton tipping trailers and one (1) backhoe trailer against a Local Purchase Order No.2045844 dated 17 February 2014 and invoice No.HAD-VIN 001968 dated 27 March 2014. However, the invoice did not reflect the details of the LPO but instead it reflected the order to be a cash purchase, therefore raising doubt on the validity of the invoice. There was no evidence to confirm that the procurement was competitively sourced.

Consequently, it has not been possible to confirm if the procurement was done competitively and how the prices of the tractors were determined raising doubt as to whether the County Executive obtained value for money on the procurement of the tractors.